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College Savings Plan Improvements: Good News for Families

*Treasurer Tavares applauds the Rhode Island Congressional Delegation
for their continued commitment to helping families plan and save for college.*

PROVIDENCE – General Treasurer Paul J. Tavares today announced his appreciation to the Rhode Island Congressional Delegation for their support of a provision included in the Pension Protection Act which has made permanent the federal tax exemption for Section 529 plans. Families saving for college with Section 529 plans, such as Rhode Island's CollegeBoundfund, have benefited from federal tax-free distributions since 2001. Originally due to expire in 2010, Congress recently passed legislation to make those tax exemptions permanent.

“Senators Reed and Chafee and Congressmen Kennedy and Langevin worked diligently in co-sponsoring legislation making permanent the current tax treatment of 529 plans. They and their colleagues in the House and Senate deserve our appreciation and thanks for helping families save for their children's education,” Tavares said, “I am hopeful these advantages will also encourage more families to save for tuition and related educational expenses by contributing to a college savings plan.”

The costs of higher education are staggering and continue to increase making it more important than ever for families to begin saving early for their children's post-secondary education. Section 529 plans (defined under IRS Code 529) are qualified tuition programs that afford families a tax advantaged way to save and invest for a child's college education. Rhode Island's Section 529, CollegeBoundfund, now has over 470,000 accounts nationwide with more than \$6.6 billion in assets under management. The program's success has resulted in lower debt burdens for many parents and students, as well as less reliance on government and university grant and aid programs.

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Since its inception in 2000, CollegeBound*fund* has become one of the largest Section 529 plans in the country. Each year, the fund helps thousands of families invest wisely in order to cut down the ever-increasing costs of education. Developed under Section 529 of the Internal Revenue Code, this state-sponsored college savings plan offers families a tax-advantaged way to invest in their children's education. CollegeBound*fund* allows participants to invest as little as \$1 per month in order to take advantage of special benefits ranging from low fees to Rhode Island state tax deductions.